THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE): (a) to (c) The Special Bearer Bonds, 1991 matured for redemption from 2nd February, 1991. Since then, it has been reported that 37 fake bearer bonds valued at Rs. 4.44 Lakhs have been presented for encashment at the following receiving offices:—

| Receiving Office | No. of fake bonds received | Value (Rs. in lakhs) |
|---|---|---|
| Reserve Bank of India, Bombay . . . | 15 | 1.80 |
| Reserve Bank of India, New Delhi . . . | 19 | 2.28 |
| State Bank of India Goregaon Branch . . | 3 | 0.36 |
| TOTAL . . . . . | 37 | 4.44 |

(d) The cases have been reported to the local police authorities for investigation.

**Income Tax Exemption on Sale of Handicrafts**

1807. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the Export Promotion Council for Handicrafts has urged the Central Government to restore the tax exemption benefits on profits from sale of handicrafts of foreign tourists under Section 80 HHC of the Income Tax Act;

(b) if so, what is the reaction of Government in this regard;

(c) whether in order to promote the export of handicrafts, Government has any other proposal to provide exemption; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir.

(b) Exemption from tax granted to export profits is intended to encourage taxpayers to export rather than sall in the protected domestic market. This consideration is absent in the case of persons selling goods at shops and emporia within India. Therefore, the 100 per cent exemption allowed to exporters under section 80HHC cannot be allowed to sales to foreign tourists over the counter.

(c) and (d) There is no other proposal under tht Income-tax Act. Persons who export handicrafts outside India are already allowed exemption of the entire profits earned from the export business in terms of section 80HHC of the I.T. Act.

**Interest Rates on Bank Loans**

1808. SHRI KHYOMO LOTHA: Will the Minister of FINANCE be pleased to state:

(a) What are the different rates of interest charged by the Nationalised Banks on various loans, such as on Housing industries, agriculture, etc;

(b) whether Government are contemplating any concession on interest on soft loans for entreprenures and farmers living in rural areas, particularly in the far flung regions like North East for construction of houses, starting industries, agricultural farms etc; and

(c) whether there is any proposal towards simplification of rules and formalities in the matter of advannh ing loans to the people living in rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) As reported by Reserve Bank of India the present rate of interest, effective from October 9, 1991, on various advances granted by nationalised banks is given in the Statement attached. See below)

(b) The rate of interest on advance is presently linked to the size of loan amount only and the sector specific, area specific, category specific, programme specific etc. interest rate prescriptions have been done DRI schemes and export credit. Loans from banks are available to all category of borrowers including entrepreneurs and farmers hailing from all parts of the country (including those from North East). Housing loans upto Rs. 5,000 are available under DRI at 4 per cent p.a. rate of interest. However, there is no other concession given on interest rate on advances to other categories.

(c) Reserve Bank of India had issued guidelines in March 1984 in respect of simplified lending procedures to be followed by banks. A simplified loan application from hos been adopted by the banks. These forms are printed in regional languages also with terms and conditions regarding margin and security norms printed on the reverse of the application forms. Bank staff is also expected to help the borrowers in completing the loan application forms.

**Statement**

*Interest rate structure for advance of scheduled commercial banks effective from* **9th** *October* **1991** (*Excluding Interest Tax*)

| 1. *Size of Limit* | *Rate of interest* (% per annum) |
|---|---|
| (a) Upto and inclusive of Rs. 7500/- | 11.5 |
| (b) Over Rs. 7500/- and upto Rs. 25000/- | 13.0 |
| (c) Over Rs. 15000/- and upto Rs. 75000/- | 13.5 |
| (d) Over Rs. 25000/- and upto Rs. 50000/- | 15.5 |
| (e) Over Rs. 50000/-a nd upto Rs. 2 lakhs | 16.5 |
| (f) Over Rs. 2 lakhs | 20.0 (Minimum) |
| 2. *Lending rate for commodities coming within the purview of Selective Credit Control (SCC)* | |
| Loans/Advances/Cash Credit/Overdrafts against commodities subject to SCC | 20.0 (Minimum) |
| 3. *Export Credit* | |
| (1) *Pre-shipment credit* | |
| (i) (a) Upto 180 days | 15.0 |

| 1 *Size of Limit* | *Rate of interest* |
|---|---|
| (b) Beyond 180 days and upto 270 days (with the prior approval of the Reserve Bank of India) | 17.0 |
| (ii) Against incentives receivable from Government covered by ECGC guarantee (upto 90 days) | 15.0 |
| (2) *Post-shipment credit* | |
| (i) Demand bills for transit period (as specified by FEDAI) | 15.0 |
| (ii) *Usance Bills* | |
| (For total period comprising usance period of export bills, transit period, as specified by FEDAI, and grace period wherever applicable) | |
| (a) Upto 90 days | 15.0 |
| (b) Beyond 90 days and upto six months from date of shipment | 20.0 |
| (iii) Beyond six months from date of shipment | 25.0 |
| (iv) Against inventives receivable from Government covered by ECGC Guarantee (upto 90 days) | 15.0 |
| (v) Against undrawn balance (upto 90 days) | 15.0 |
| (vi) Against retention money (for supplies portion only) Payable within one year from the date of shipment (upto 90 days) | 15.0 |
| (3) *Deferred Credit* | |
| Deferred Credit for the period beyond 180 days | 15.0 |
| (4) *Duty Drawback Credit Scheme*, 1976 | |
| Against duty drawback as provisionally certified by the Customs Authorities (upto 90 days) | Free of interest |
| (5) *Export Credit not otherwise specified* | 20.0 (Minimum) |
| 4. DRI Advances | 4.0 |

5. The above structure of lending rates will apply to both working capital and term loans.

6. For trerm loans to agriculture, small scale induistry and transport operators upto two vehicles, the following rates will apply:

| Size of limit | Rate of interest (% p.a.) |
|---|---|
| 1 | 2 |
| (i) Over Rs. 25000/- and upto Rs. 50000/- | 14.0 |
| (ii) Over Rs. 50000/- and upto Rs. 2.00 lakhs | 15.0 |
| (iii) Over Rs. 2 lakhs | 15.0 (Minim |

| 1 | 2 |
|---|---|
| 7. The effective interest rate on discounting of bills for borrowers in the category of 20.0 per cent (minimum) will be one percentage point below the lending rate charged to borrowers in this category and as such the effective interest rate on discounting of bills of exchange for such category of borrowers shall be 19.0 per cent (minimum) | |
| 8. Finance granted to intermediary agencies (including those for housing) for on lending to ultimate/beneficiaries and agencies providing input support | A fixed rate of 17.0 per cent per annum i.e. 3.0 percentage points below the minimum rate applicable for credit limits in the category of advances over Rs. 2 lakhs. |
| 9. Advances to Discount & Finance House of India Ltd. . . . | 20.0% p. a. (minimum) |
| 10. (i) Loans for purchase of consumer durables | Banks are free to determine the rate |
| (ii) Loans to individuals against shares and debentures/bonds | |
| (iii) other non-priority sector personal loans | |

**Note:**

1. An interest rate surcharge of 25 per cent is applicable in the case of parties with Cash Credit/Overdraft limit of over Rs. 2 lakhs if the credit is used for financing imports.

2. Where short-term loans are routed through PACS/LAMPS/FSS the rates of interest to be charged by banks to the PACS/LAMPS/FSS shall be 2.5 percentage points lower than the rates to the ultimate borrowers indicated in item 1 above for the respective size of the limit.

**Tardy Implementation of External Aid Projects**

@1809. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) the amount of external credit lying unutilised due to tardy implementation of external aided projects;

(b) what are the reasons thereof;

(c) the details of the projects with target dates of completion mainly in railway, road, power, irrigation with their cost over runs;

(d) whether any concrete plan has been drawn for their completion during the Eighth Plan; and

(e) if so, the details thereof?

@Previously Unstarred Question 1454, transferred fom the 5th December, 1991.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The total amount of unutilised external credit on 31st October, 1991 was Rs. 79341.97 crores.

(b) The undisbursed balance appears large in aggregate terms but is dependent on the time profile of various projects. Apart from the question period of externally aided project, delayed utilisation arises from factors which inter alia include exchange rate fluctuation, inadequate counterpart funding by the State Government, tardy land acquisition procedures and the project specific issues. Such problems sometimes lead to a delay in utilisation of World Bank assistance which is taken card of through extension restructuring of projects.

(c) The list of projects in the Railway, Road, Power and Irrigation sectors is given in the Statement (See below) cost estimates undergo re-